

## Message Text

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ACTION OES-06

INFO OCT-01 EA-07 ISO-00 EUR-12 ACDA-07 CIAE-00 INR-07  
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R 160905Z MAR 77  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC 6186  
INFO ERDA GERMANTOWN  
ERDA WASHDC

C O N F I D E N T I A L TOKYO 3702

E.O. 11652: GDS  
TAGS: TECH, JA  
SUBJECT: IMPORT OF SOVIET ENRICHED URANIUM AS BARTER FOR  
REACTOR COMPONENTS

REF: C-ER-6-50387

FOLLOWING IS FULL TRANSLATION OF ARTICLE IN THE NIHON KEIZAI DATED  
MARCH 15, 1977: QUOTE

ATOMIC INDUSTRIAL FORUM TO STUDY IMPORT OF SOVIET ENRICHED URANIUM  
AS COLLATERAL FOR REACTOR EXPORTS; WILL WORK UPON KEIDANREN AND  
ELECTRIC POWER COMPANIES

1. THE NEGOTIATIONS FOR THE EXPORT OF REACTOR FACILITIES TO THE  
SOVIET UNION, BY THE JAPAN LEAGUE CONSISTING OF SIX MANUFACTURING  
COMPANIES INCLUDING MITSUBISHI HEAVY INDUSTRIES AND HITACHI, HAVE  
BEEN SUSPENDED SINCE AUGUST LAST YEAR. HOWEVER, THE JAPAN ATOMIC  
INDUSTRIAL FORUM (CHAIRMAN: HIROMI ARISAWA), WHICH IS THE JAPANESE  
WINDOW FOR THE NEGOTIATIONS, HAS DECIDED TO START STUDY TO ACCEPT  
A FORMULA OF PAYMENT BY ENRICHED URANIUM SUPPLY, AS A COUNTER-  
MEASURE. THERE ARE CIRCUMSTANCES WHERE THE SOVIET UNION, HAVING  
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A CONSIDERABLE AMOUNT OF SURPLUS ENRICHED URANIUM STOCKPILES,  
IS STRONGLY DESIRING THAT JAPAN PURCHASE ENRICHED URANIUM  
AS COLLATERAL FOR ITS IMPORT OF REACTOR FACILITIES FROM  
JAPAN. THE ATOMIC INDUSTRIAL FORUM THINKS THAT IF THE  
JAPANESE SIDE ACCEPTS THIS, THE NEGOTIATIONS WILL BE  
RESUMED IMMEDIATELY. OUR COUNTRY'S SECURING OF ENRICHED  
URANIUM IS UNSTABLE BECAUSE OF THE US POLICY TO PRESS FOR

SEVERE NUCLEAR CONTROLS, ON THE GROUNDS OF THE SHARP RISE IN THE PRICE OF URANIUM AND SUPPLY OF ENRICHED URANIUM. HOWEVER, THE SAID FORUM THINKS THAT (THE IMPORT OF SOVIET ENRICHED URANIUM) WILL HELP BREAK THIS DIFFICULTY, TOO.

2. THE NEGOTIATIONS BETWEEN THE JAPAN LEAGUE AND THE SOVIET UNION FOR THE EXPORT OF REACTOR FACILITIES WERE STARTED ON A FULL SCALE IN JANUARY LAST YEAR, AND THE SOVIET UNION SAID IT WILL PURCHASE FACILITIES AND COMPONENTS FOR FOUR LRESSERIBCD BTER#REACTORS WITH AN OUTPUT OF ONE MILLION KW. THE TOTAL MONETARY AMOUNT WAS ESTIMATED AT YEN 130 BILLION, AND THE JAPAN LEAGUE CONSISTING OF SIX COMPANIES--MITSUBISHI HEAVY INDUSTRIES, HITACHI, TOSHIBA, ISHIKAWAJIMA-HARIMA HEAVY INDUSTRIES, FUJI ELECTRIC, AND JAPAN STEEL MANUFACTURING--PUSHED CONSULTATIONS WITH THE SOVIET STATE ATOMIC ENERGY UTILIZATION COMMITTEE, WITH THE ATOMIC INDUSTRIAL FORUM AS THE WINDOW. IN JULY LAST YEAR, THEY REACHED THE STAGE OF PRESENTING A WRITTEN ESTIMATE.

3. THE SOVIET UNION HIGHLY EVALUATED THE JAPAN LEAGUE'S TECHNICAL AND SUPPLY ABILITY, BUT REGARDED PAYMENT TERMS AS THE BIGGEST PROBLEMATICAL POINT. IN THE FIRST PLACE, IT PROPOSED A PLAN FOR THE SUPPLY OF ENRICHED URANIUM INSTEAD OF PAYMENTS IN CASH, BUT THE JAPANESE SIDE DECLINED IT, SAYING THAT SUPPLY OF ENRICHED URANIUM IS TO BE GUARANTEED UNTIL 1985 UNDER ITS AGREEMENT WITH THE US. AS AN ALTER-NATIVE PLAN, THE SOVIET UNION ASKED FOR THE GRANTING OF LONG-TERM, LOW-INTEREST BANK LOANS, BUT IT WAS ARRANGED THAT THIS PROBLEM WOULD BE CONFERRED ON AT THE "JAPAN-SOVIET ECONOMIC JOINT COMMITTEE." HOWEVER, THE MEETING OF THIS CONFIDENTIAL

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COMMITTEE WAS POSTPONED INDEFINITELY BECAUSE OF THE OCCURRENCE OF THE "MIG-25 INCIDENT."

4. THE ATOMIC INDUSTRIAL FORUM THINKS THAT THE JAPAN-SOVIET JOINT COMMITTEE WILL BE RE-OPENED IN THE NEAR FUTURE, AND ITS POLICY IS TO WORK UPON KEIDANREN AND ELECTRIC POWER INDUSTRY CIRCLES TO DECIDE ON THE PURCHASE OF ENRICHED URANIUM, AS REQUESTED BY THE SOVIET UNION. IT IS EXPECTING THAT IF THE JAPANESE SIDE AGREES ON THE LINE OF IMPORTING ENRICHED URANIUM, THE SOVIET UNION WILL BE ABLE TO REACH THE STAGE OF RESUMING THE NEGOTIATIONS FOR THE EXPORT OF REACTOR FACILITIES, AND THAT THIS WILL ALSO PROVIDE A CLUE TO DEVELOPING ECONOMIC COOPERATION BETWEEN JAPAN AND THE SOVIET UNION OVER URANIUM RESOURCES.

5. THE AMOUNT OF NATURAL URANIUM STOCKPILES OF THE SOVIET UNION AT PRESENT IS ESTIMATED AT 200,000 TONS. THAT COUNTRY IS CAPABLE OF SUPPLYING 17,500 TONS OF URANIUM ANNUALLY, AND OF THIS, THE AMOUNT OF CONSUMPTION

IS 9,000 TONS. SO THERE IS A CONSIDERABLE AMOUNT OF SURPLUS URANIUM. THEREFORE, THE SOVIET UNION HAS BEEN DEVELOPING AN "ENRICHED URANIUM" EXPORT POLICY IN A POSITIVE WAY SINCE SEVERAL YEARS AGO. IN THE WEST, WEST GERMANY IS RESPONDING TO THIS. UNQUOTE.

6. COMMENT: ARTICLE CONTAINS, WE BELIEVE, SOME ERRONEOUS INTERPRETATIONS OF NATURE OF SOVIET ENRICHMENT CAPABILITY. ALTHOUGH EMBASSY IS NOT UP TO DATE ON OFFERS OF ENRICHMENT SERVICES MADE BY SOVIETS TO OTHER COUNTRIES BESIDES JAPAN, WE ARE UNDER DISTINCT IMPRESSION THAT USSR OFFERS TOLL ENRICHMENT SERVICES ONLY AND DOES NOT SELL ENRICHED URANIUM PER SE, EITHER FOR CASH OR BY BARTER ARRANGEMENT. IF THIS IMPRESSION CORRECT, THEN SOME OF QUANTITATIVE INFO IN ARTICLE WOULD REQUIRE ADJUSTMENT. NONETHELESS, TENOR OF ARTICLE IS CLEAR AND DOES NOT NEED ELABORATION BY EMBASSY. QUESTION REMAINING IS WHETHER JAIF "PROPOSAL" TO ENTER INTO BARTER  
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DEALS WITH USSR IS SERIOUS ONE. WE WILL TRY TO LEARN MORE DETAILS THROUGH DIRECT CONTACT WITH KNOWLEDGABLE JAIF OFFICIALS. WE NOTE THAT IN RECENT INFORMAL CONVERSATION BETWEEN ERDA REP AND DOKO (PRESIDENT OF KEIDANREN), IN RESPONSE TO SPECIFIC QUESTION ABOUT STATUS OF DISCUSSION WITH SOVIETS ON SALE OF NUCLEAR REACTOR COMPONENTS, DOKO REPLIED THAT "NOTHING NEW" HAD OCCURRED.  
BUTTON

NOTE BY OC/T: TOKYO 3702, PARA 2 # AS RECEIVED.

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NNN

## Message Attributes

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